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SUBJECT: SEOUL - PRESS BULLETIN; July 21, 2009

TOP HEADLINES

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Chosun Ilbo, Hankook Ilbo, Hankyoreh Shinmun, Segye Ilbo, Seoul  
Shinmun, All TVs  
Police Enter Ssangyong Motor Factory Occupied by Fired Unionized  
Workers; Unionists Respond Strongly by Firing Slingshots

JoongAng Ilbo  
Bad Debt at Banks Falls to 1.19 Percent; Huge Write-offs and Better  
Conditions at Smaller Firms Contribute to Recovery

Dong-a Ilbo  
Court: "If the Deadlock Continues at Ssangyong Motor, Planned Debt  
Workout for Ssangyong May be Suspended"

DOMESTIC DEVELOPMENTS

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Kurt Campbell, U.S. Assistant Secretary of State for East Asian and  
Pacific Affairs, in a July 20 breakfast meeting in Seoul with senior  
journalists, said that the U.S. will not prepare a "comprehensive  
package" for North Korea's denuclearization unilaterally but through  
discussions with the ROK, China and Japan. (Chosun, Dong-a,  
Hankyoreh, Segye, Seoul, MBC, VoiceofPeople)

According to a senior (ROK) diplomatic official,  
the comprehensive package (mentioned by the Assistant Secretary)  
would include all elements for a complete and verifiable  
denuclearization (of North Korea), and, if the North takes the grand  
step of denuclearization, normalization of U.S.-North Korean  
relations would be possible. (JoongAng, Hankook)

INTERNATIONAL NEWS

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Secretary of State Hillary Clinton, in a July 20 ABC interview  
broadcast from India, likened North Korea's behavior to that of  
unruly teenagers. She was quoted: "What we've seen is this constant  
demand for attention. Maybe it's the mother in me, or the experience  
that I've had with small children and unruly teenagers, and people  
who are demanding attention. Don't give it to them. They don't  
deserve it." (Chosun, JoongAng, Segye, all TVs)

## MEDIA ANALYSIS

### -N. Korea

#### - Secretary Clinton's Remarks in India

Most ROK media gave attention to Secretary of State Hillary Clinton's July 20 ABC interview broadcast from India, in which she likened North Korea's behavior to that of unruly teenagers. Secretary Clinton was quoted as saying: "We are not going to give the North Koreans the satisfaction they are looking for, which is to elevate them to center stage. What we've seen is this constant demand for attention. Maybe it's the mother in me, or the experience that I've had with small children and unruly teenagers, and people who are demanding attention. Don't give it to them. They don't deserve it."

#### - Assistant Secretary of State Campbell's Visit to ROK

Coverage of Assistant Secretary Kurt Campbell's visit to Seoul was extensive in the ROK media. Most media quoted him as saying during a July 20 meeting with senior journalists that if North Korea decides to take irreversible steps toward a nuclear-free Korean Peninsula, the other members of the Six-Party Talks are prepared to send a

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"comprehensive package" to the North and that the U.S. will not prepare for the comprehensive package unilaterally but through discussions with the ROK, China and Japan.

Right-of-center JoongAng Ilbo and moderate Hankook Ilbo, in a related development, cited a senior (ROK) diplomatic official as saying: "The comprehensive package (mentioned by the Assistant Secretary) would include all elements for a complete and verifiable denuclearization (of North Korea), and, if the North takes the grand step of denuclearization, normalization of U.S.-North Korean relations would be possible."

Conservative Chosun Ilbo editorialized: "If (Washington's) new approach to North Korea is to be successful, the international community, especially China, should participate in sanctioning North Korea with firm resolve. Furthermore, the sanctions against North Korea should continue sufficiently long enough (to bring the North back to the dialogue table.) If these two factors are not observed, the Obama Administration will repeat the failure of its predecessor."

#### - U.S. Journalists Detained in N. Korea

Right-of-center JoongAng Ilbo, cited analysis from Washington to report that North Korea wants political heavyweights, such as former Presidents Bill Clinton and Jimmy Carter, as special envoys to Pyongyang to negotiate the journalists' release. According to the analysis, Washington fears, however, that sending a special envoy to Pyongyang may set back implementation of UN Security Council sanctions against North Korea, which is proceeding smoothly backed by international cooperation. Since the continued detention of the two journalists will be burdensome for the USG, Washington would likely compromise with Pyongyang on sending a working-level official, such as Kurt Campbell, Assistant Secretary of State for East Asian and Pacific Affairs, according to the analysis.

## OPINIONS/EDITORIALS

How U.S. Strategy over N. Korea Can Succeed  
(Chosun Ilbo, July 21, 2009, Page 31)

Kurt Campbell, U.S. Assistant Secretary of State for East Asian and

Pacific Affairs, said on Saturday, "If North Korea is prepared to take serious and irreversible steps, the U.S., South Korea, Japan, China and others will be able to put together a comprehensive package that would be attractive to North Korea." At the same time, Campbell said, "We believe there have to be consequences. We're looking at a full range of particular steps designed to put pressure on North Korea." Assistant Secretary for Public Affairs at the State Department Philip Crowley, on Friday called these policies a "new approach" to North Korea.

A quid-pro-quo approach swapping an irreversible dismantling of the North's nuclear facilities for a comprehensive package is nothing new. The Bill Clinton administration pursued that option a decade ago. The reason why the North Korean nuclear issue could not be resolved over the past 16 years is that North Korea was not interested in scrapping its nuclear program, while forging and breaking promises with the international community. The USG also used rewards to appease North Korea again and again.

Like the George W. Bush Administration, the Barack Obama Administration is demanding the "complete, verifiable and irreversible dismantlement" of North Korea's nuclear weapons. The "new" component is that the Obama Administration does not intend to reward North Korea for returning to Six-Party nuclear talks and keep pressuring Pyongyang until it demonstrates a willingness to change.

North Korea has admitted to possessing nuclear weapons as part of a plan to become a "powerful nation" by 2012 and is seeking to

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transfer power from Kim Jong-il to his son. There is no way Kim's successor will give up nuclear weapons, which are the fruits of his father's reign, so any negotiations to get North Korea to abandon its nuclear weapons must happen while Kim Jong-il is alive. Unless North Korea's nuclear weapons program is scrapped within the next two or three years, the U.S. and China would end up effectively condoning a nuclear-armed North Korea. This could lead to a nuclear arms race in the region.

To resolve the nuclear issue through dialogue, North Korea must be made to return to the negotiating table. Military options aside, the only other choice is to use a mixture of diplomatic persuasion and pressure involving political, economic and social means, including financial sanctions. If (Washington's) new approach to North Korea is to be successful, the international community, especially China, should participate in sanctioning North Korea with firm resolve. Furthermore, the sanctions against North Korea should continue sufficiently long enough (to bring the North back to the dialogue table.) If these two factors are not observed, the Obama Administration will repeat the failure of its predecessor.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

#### FEATURES

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U.S. Seeks Cooperation for Comprehensive N. Korea Solution  
(Chosun Ilbo, July 21, 2009, Page 5)

By Reporter Lim Min-hyuk

A comprehensive solution to the North Korean nuclear problem envisioned by the U.S. will be prepared in coordination with South Korea, China and Japan, Kurt Campbell, Assistant Secretary of State for East Asia and Pacific Affairs, promised Monday.

Assistant Secretary Campbell, on his visit to the ROK, said during a breakfast meeting with senior journalists yesterday, "If Pyongyang decides to take an irreversible measure to return to a nuclear-free Korean Peninsula, the other members of the Six-Party Talks will be ready to send a comprehensive package."

A Blue House official told reporters, "The idea for a comprehensive package deal was first suggested by President Lee Myung-bak during the Seoul-Washington summit last month. The U.S. expressed sympathy with this suggestion by using the term 'grand bargain.'"

Campbell said that there would be new and attractive elements in the package, but they would not come for free. He said under the current circumstances, there is no reason to step back from sanctions or pressure against the North, and that his administration and several Asian governments have promised not to be swayed again by the North's psychological games.

Turning to China, Campbell said that Beijing officials he had met recently seemed to be persuaded that a new approach suitable for the current situation is needed. China seemed to be gathering its thoughts over what approach it should take, he added.

Regarding the recent statement by President of the Supreme People's Assembly of North Korea, Kim Yong-nam, that "the Six-Party Talks are over for good," Campbell stated that whether or not to suspend the Six-Party Talks is not up to North Korea, and the best way to deal with North Korea is for the remaining five nations to display a strong partnership.

(We have compared the English version on the website with the Korean version and added some paragraphs to make them identical.)

ROK and U.S. Are Ready to Negotiate for Comprehensive Package with

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North Korea

(Hankook Ilbo, July 21, page 2; Excerpts)

By Reporter Chong Sang-won

A high-ranking ROK official, who met with Kurt Campbell, Assistant Secretary of State for East Asian and Pacific Affairs, said that the comprehensive approach mentioned by Campbell is the antithesis of a gradual and partial one. The official added that the comprehensive package would include all elements of the Joint Statement of September 19, 2005 to resolve the North Korean nuclear issues at one time.

The ROKG views that the February 13 and October 3 agreements under which (the U.S.) promised to provide economic and energy assistance in the amount of 1 million tons of heavy oil in return for North Korea's disabling of the Yongbyon nuclear facilities were based on a partial, not comprehensive approach, and were taken advantage of by Pyongyang. Therefore, the U.S. and other Six-Party members are considering normalizing diplomatic relations or building a peace regime on the Korean Peninsula in return for North Korea dismantling its nuclear weapons and programs. However, it is uncertain whether North Korea will return to the negotiating table. Also, since the U.S. has just begun to discuss ways to reward North Korea for its denuclearization with China and Japan, there surely will be a bumpy road ahead.

"(U.S.) Will Prepare Comprehensive Package through Coordination with ROK, China and Japan"

(Hankyoreh Shinmun, July 21, page 4; Excerpts)

By Reporter Lee Yong-in

Kurt Campbell, Assistant Secretary of State for East Asian and Pacific Affairs, emphasized a "two track" strategy based on sanctions and dialogue when he explained a "comprehensive package." Campbell said that under the current situation, there is no need to back away from pressure or sanctions against North Korea. He said that it is important to make sure that there have to be consequences for North Korea's provocations.

On the morning of July 20, before having a full discussion with Assistant Secretary Campbell, the ROK's Chief Delegate to the Six-Party Talks Wi Sung-lac said in an opening statement that (Kurt

Campbell) paid a visit to the ROK at a critical time. He added that (the U.S.) should make sure that North Korea fully implements UN Security Council resolution while at the same time considering ways to bring North Korea back to the negotiating table.

On July 22, Foreign Minister Yu Myung-hwan will hold bilateral talks with Japan, the U.S., China, and Russia, separately to discuss bilateral diplomatic issues and ways to address the North Korean nuclear issue.

Campbell: "(U.S.) Will Coordinate with ROK, China and Japan in Preparing Comprehensive Package"  
(Seoul Shinmun, July 21, page 2; Excerpts)

By Reporters Kim Mi-gyeong, Kim Jeong-eun

A high-ranking ROK official said on July 20 that Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell once served as Deputy Assistant Secretary of Defense and is expected to devise a "strict and principled" strategy for North Korea based on security. Once Campbell establishes a North Korea policy, Special Representative for North Korea Policy Steven Bosworth and Special Envoy to the Six-Party Talks Sung Kim will hold negotiations with North Korea under the so-called "two-track strategy."

An ROKG official said that the comprehensive package will include comprehensive roadmaps for denuclearization, the normalization of U.S.-North diplomatic relations and economic assistance to North

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Korea.

Assistant Secretary Campbell: "If North Korea Takes a Grand Step for Denuclearization, Diplomatic Normalization with the U.S. Would Be Possible"  
(JoongAng Ilbo, July 21, 2009, Page 12; Excerpts)

By Reporters Chae Byung-kun, Namgoong Wook, and Lee Choong-hyung

U.S. Assistant Secretary of State for East Asia and Pacific Affairs Kurt Campbell met with the ROK's Chief Negotiator to the Six-Party Talks Wi Sung-lac at the Ministry of Foreign Affairs and Trade in Seoul on July 20. A high-ranking foreign policy official noted, "They shared the view that the two nations should deal with the North Korean nuclear issue based on close bilateral cooperation, but need to take a different approach (to the issue.)" By a "different approach," the official meant a comprehensive package.

He said, "(The comprehensive package) includes all elements needed for complete and verifiable denuclearization," adding, "If (North Korea) takes a big step toward denuclearization, the communist state can even expect diplomatic normalization with the U.S." Thus far, (the relevant parties) have taken a step-by-step and partial approach toward the North Korean nuclear issue. Under this approach, if North Korea moves toward nuclear dismantlement in stages, it will be provided with corresponding rewards in every stage. However, according to the official, the comprehensive package breaks with a repeated past pattern of "reaching an agreement with the North ? providing the North with rewards ? facing opposition from Pyongyang ? persuading the North ? reaching another agreement with the North" and settles the nuclear issue at a stretch with all bargaining chips - complete dismantlement of weapons of mass destruction, such as nuclear weapons and missiles, economic assistance to the North, and the diplomatic normalization between the North and the U.S.-placed on the table at the same time.

The "comprehensive package" also coincides with the ROKG's approach to the North Korean nuclear issue. During the ROK-U.S. summit in Washington on June 16, President Lee Myung-bak proposed that they should break the past pattern of rewarding Pyongyang for its bad behavior and that the five parties, except North Korea, should come up with a package deal which links substantial nuclear dismantlement with rewards.

(Editor's Note: The same story was also carried by the Dong-a Ilbo under the headline, "Assistant Secretary Campbell: 'The Comprehensive Package Is Attractive But Does Not Come For Free.'" The article reports: "A high-ranking ROKG official explained, 'The comprehensive package is not the past's step-by-step partial negotiation but a deal which addresses not only North Korea's nuclear weapons but also its delivery vehicle, missiles,' adding, 'Under the package deal, rewards for North Korea's denuclearization, including U.S.-North Korea diplomatic normalization, will also be provided comprehensively.' Assistant Secretary Campbell met with Foreign Minister Yu Myung-hwan and Unification Minister Hyun In-taek on July 20 to discuss ways to cooperate on the North Korean issue, before leaving for Thailand to attend the ASEAN Regional Forum.")

Beware of Fraudulent Web sites Charging Fee for Cost-Free ESTA  
Approval  
(Chosun Ilbo, July 21, 2009, Page 10)

By Reporter Kang In-sun

A businessman surnamed Kim visited the U.S. this past June under the Visa Waiver Program (VWP). He found the Web site of the Electronic System for Travel Authorization (ESTA) via an Internet portal, put his personal information into the Web site, paid the fee of 30,000 won online, and gained travel authorization through an e-mail. Curious about why he had to pay the fee for a simple travel approval, he made an inquiry to the U.S. Embassy in Seoul. The

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Embassy responded, "We do not charge a fee for travel authorization." The Web site that Kim used was the one of a private agency, which is not related to the USG.

Under the VWP, which started last November, travelers who are seeking to travel to the U.S. can get travel approval for free after inputting their basic information, such as names, passport numbers, and addresses, into the ESTA Web site (<http://esta.cbp.dhs.gov/>). These are the same as the information written on an Arrival/Departure Card. Agencies are pocketing 20,000 to 30,000 won by providing names, passport numbers, and responses to simple questions on behalf of travelers.

These sites appear on the top of result lists on internet portal sites when search words such as the VWP and ESTA are entered. The sites are easily misunderstood as official because they demonstrate themselves as sites for ESTA applications.

The U.S. Embassy in the ROK posted a notice on its homepage saying that an unauthorized third party created a Web site that provides information on ESTA and receives fees for an ESTA application. The notice denies any relation to the USG and warns against damage. The Foreign Ministry said that there have been increasing cases of damage and that it requested the National Police Office Cyber Investigation Unit to investigate the matter. The Ministry, though, added that it is hard to crack down on these Web sites since they claim that they provide agency services. The Ministry noted that it plans to promote the real site more actively. However, the Ministry has not exactly assessed the number of pseudo-sites and the scale of damage.

According to the U.S. Embassy, from last November when the VWP started to early July this year, about 200,000 people applied for ESTA and more than 99 percent were approved.

STEPHENS